

New Hampshire Department of Revenue Administration

Fiscal Impact Quick Guide*

12-2119.0

HB 1221, *relative to the credit for BET against the BPT.*

House Ways & Means Committee

This bill states that taxpayers may apply the credit for Business Enterprise Tax (BET) against the Business Profits Tax (BPT) on a quarterly basis when making estimated tax payments.

There is no fiscal impact from this bill as this option is currently available to taxpayers.

For Tax Year 2011 and Tax Year 2012 the New Hampshire form used to calculate estimated business tax payments has a line for credits available under 77-A:5, including the BET credit. (See Line 3(f) on the 2011 and 2012 Estimated Business Tax Worksheets). Thus, the BET credit is indirectly applied against BPT, via the estimation of BET due and BPT net of statutory credits due, during the calculation of the estimated tax due. The amount of BET credit applied can be the amount that will be paid in estimate payments during the year, as well as any carry forward amount from prior years (BET credits can be carried forward for a period of five years).

When the business tax return is ultimately filed, BET net of statutory credits is calculated based on actual amounts for the year. BPT net of statutory credits (including BET) is also calculated based on actual amounts for the year. The amount of BET paid during the year, either through estimates or with the return, or carried forward from prior years can be used as a credit against BPT on the BPT return. Once the BET and BPT liability is determined, any estimate payments made are subtracted to determine the amount due with the final return. The filing of the BPT return is when the BET credit is directly applied, as opposed to indirectly with estimate payments.

For Tax Year 2011 taxpayers have to file two estimate forms each quarter, one for BET and one for BPT; however the worksheet to calculate the BPT estimate allows for the use of BET credits, as specified above.

For Tax Year 2012 taxpayers will file one estimate form each quarter, and will specify what amount they are paying for BET and what amount they are paying for BPT. Again, the worksheet to calculate estimated business tax will allow for the use of BET credits, as specified above.

This bill would take effect July 1, 2012, at which point Tax Year 2012 estimate forms would be in use.

The Department noted that there are other credits, in addition to the BET credit, that taxpayers may indirectly apply to their BPT estimates. These include: the CDFA Investment Tax Credit, the Economic Revitalization Zone Tax Credit, the Research and Development Tax Credit, the Coos County Job Creation Tax Credit and other credits specified under 77-A:5. The bill as drafted only clarifies the use of the BET credit against BPT and does not clarify the use of any other credits, although all can be used.

**A Fiscal Note was not published by the LBA on this bill. Therefore, this Quick Guide is simply an informal fiscal impact statement prepared by the Department of Revenue Administration.*